

State of Alaska FY2003 Governor's Operating Budget

Department of Environmental Conservation Water Quality Component Budget Summary

Component: Water Quality

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Component Mission

Identify, abate, and control water pollution in a cost effective, accountable manner to protect public health and preserve the many uses of Alaska's waters.

Component Services Provided

- Assess, protect, and restore the quality of Alaska waters.
- Develop or amend water quality standards and criteria for the best management of Alaska waterbodies.
- Reduce non-point sources of pollution in Alaska waterbodies through water quality protection and control programs.
- Protect water quality by establishing appropriate wastewater discharge limits and ensure those limits are not exceeded.
- Streamline wastewater discharge permit application and issuance.
- Provide information about permitted discharges and water quality to the public.
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Component Goals and Strategies

1) DEVELOP, AMEND, AND MAINTAIN WATER QUALITY STANDARDS TO PROTECT AND MANAGE FOR THE BEST USES OF ALASKA'S WATER RESOURCES.

Assist the public, legislature, industry, and state agencies in understanding the state's water quality standards.

- Convene an advisory group to examine potential regulation changes regarding if and when wastewater discharges can be compatible with stream sections that support salmon spawning.

2) MAKE DECISIONS ABOUT SELECTED WATERS WHERE PREVENTION OR RESTORATION ACTIONS MAY BE NEEDED.

Identify, collect, and provide access to data sources and information that enhance the assessment, mapping and reporting of environmental status.

- Compile data and maintain a water quality monitoring database.
- Oversee water quality monitoring projects performed by others to assure project success.
- Assess available information about the health of Alaska's waterbodies to identify waters that are degraded or polluted.
- Develop a long-term monitoring strategy through the Alaska Clean Water Actions plan.
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3) ESTABLISH COMMON PRIORITIES AND COORDINATE THE EFFORTS OF ALL GOVERNMENT, COMMUNITY AND NON-GOVERNMENT STAKEHOLDERS INVOLVED IN PREVENTION OR RESTORATION PROJECTS TO ENHANCE AQUATIC HABITAT AND ECONOMIC USES OF ALASKA WATERS.

Reduce pollutants to waters through implementation of non-point source pollution strategies.

- Implement a risk-based approach to direct the permitting and oversight of wastewater discharges.
- Promote watershed protection by providing assistance to local planning, leadership, public outreach, and education activities.
- Manage grant funds and provide technical guidance for non-point source pollution control projects performed by
- grantees or contractors to ensure success in protecting or restoring the uses of a waterbody.
- Implement the recommendations of an advisory workgroup through the State Board of Forestry to deal with science
- and technical issues relating to log transfer facilities.

Key Component Issues for FY2002 – 2003

A stakeholders' working group developed and recommended options to rebuild a comprehensive and efficient state wastewater discharge permit program. These involve resolution of a variety of issues concerning risk-based permitting

mechanisms, field and enforcement strategies, permit fees and related issues. The division began implementing these recommendations in FY2001. We expect full implementation in FY2002 of water permit fees, a facility-specific database, and initial implementation of web-based permitting tools. Additional web-based permitting tools and fast-track permit approvals for low-risk activities are anticipated in FY2003.

The State receives federal funds for water quality protection or recovery. Various federal agencies, local governments, and non-governmental organizations are also working in Alaska to preserve and enhance water quality. It is essential to build and foster a unified approach to prioritizing water quality projects. In conjunction with DFG, DNR, and DGC, DEC is implementing the Alaska Clean Water Actions (AWCA) plan. The plan provides a method to identify and prioritize the highest needs in the state for protecting water quality, water quantity, and aquatic habitats. It sets common principles for decision making at the state level. DEC will collaborate with federal agencies, local government and other entities to prioritize and fund water quality projects that are aligned with the ACWA policy principles.

Major Component Accomplishments in 2001

Completed a stakeholders' work group to develop and recommend options to rebuild a comprehensive and efficient state wastewater discharge permit program.

Continued a work group of industry, government agencies and public members to resolve issues relating to cruise ship wastewater discharges. Workgroup accomplishments include a second year of voluntary wastewater discharge monitoring program during the summer of 2001 and the establishment of a science advisory panel to perform scientific analysis of sampling results and to begin environmental assessment. DEC drew upon this information as background for the 2001 legislation creating the commercial passenger vessel environmental compliance program. A work group process will continue as implementation of the new program commences in FY2002.

Completed 3 waterbody recovery plans. Based on water quality measurements, removed Harding Lake, located near Fairbanks, from the polluted waters list. We are measuring the success of the clean up of Swan Lake in Sitka anticipating to also remove it from the polluted waters list.

Issued 106 approvals for stormwater pollution prevention plans ensuring protection of surface water bodies during facility construction and operation.

Issued 123 individual wastewater discharge permits and general permit authorizations. Inspected 49 facilities with wastewater discharge permits.

Issued 74 certifications of U.S. Army Corps of Engineers permits for dredge and fill projects meeting Alaska water quality standards.

Prepared the annual statewide assessment of water quality conditions and provided electronic update to the federal assessment database.

Completed a clean water needs assessment which describes Alaska's infrastructure needs for wastewater sanitation, drinking water supplies and municipal stormwater management. The needs list is essential for supporting federal capital funding requests.

Statutory and Regulatory Authority

AS 46.03; AS 46.04; AS 44.19; AS 46.40; AS 44.62; 8 AAC 80; 18 AAC 15; 18 AAC 70; 18 AAC 72; 6 AAC 50; 11 AAC 95; 5 AAC 93; Federal Coastal Zone Management Act Reauthorization of 1990; Federal Clean Water Act

Water Quality

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,731.8	2,856.1	3,294.3
72000 Travel	227.4	463.1	515.1
73000 Contractual	656.5	1,228.1	1,756.2
74000 Supplies	53.4	82.5	91.0
75000 Equipment	80.1	56.5	105.9
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,749.2	4,686.3	5,762.5
Funding Sources:			
1002 Federal Receipts	1,702.3	2,182.9	1,824.8
1003 General Fund Match	385.6	390.7	400.2
1004 General Fund Receipts	1,257.0	1,527.3	2,840.0
1005 General Fund/Program Receipts	92.5	263.0	372.1
1007 Inter-Agency Receipts	279.0	245.0	248.0
1053 Investment Loss Trust Fund	15.5	0.0	0.0
1093 Clean Air Protection Fund	0.0	0.0	0.0
1108 Statutory Designated Program Receipts	17.3	77.4	77.4
Funding Totals	3,749.2	4,686.3	5,762.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
<u>Unrestricted Revenues</u>						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
<u>Restricted Revenues</u>						
Federal Receipts	51010	1,702.3	2,182.9	1,824.6	1,824.8	1,824.8
Interagency Receipts	51015	279.0	245.0	245.0	248.0	248.0
General Fund Program Receipts	51060	92.5	263.0	263.0	372.1	547.8
Statutory Designated Program Receipts	51063	17.3	77.4	77.4	77.4	77.4
Restricted Total		2,091.1	2,768.3	2,410.0	2,522.3	2,698.0
Total Estimated Revenues		2,091.1	2,768.3	2,410.0	2,522.3	2,698.0

Water Quality

Proposed Changes in Levels of Service for FY2003

Permit Redesign Work: The department's FY2001 budget provided for a federal receipt increase of 503.7 in the water quality component as part of the funding necessary to redesign and rebuild the wastewater discharge program. The new federal funds were predominantly one-time funds that would eventually need to be replaced by another funding source. When the legislature was taking final action on the proposed FY2002 budget, the department had received informal assurance from the Environmental Protection Agency (EPA) that the same level of federal funds would remain available for FY2002. This has not occurred, a significant loss of funds has materialized and several elements of the program redesign work are not occurring in FY2002 due to funding limitations.

The department is requesting to replace 375.0 in federal receipts that are no longer available to Alaska with general funds (350.0) and general fund program receipts (25.0). This fund source switch of 375.0 will allow the department to continue program development efforts in FY2003 that were postponed in FY2002 due to lack of federal funding. Primary activities funded by the fund switch are:

- Permit tool development: Using contractual services, begin research on low risk operations to develop modern, streamlined permitting through tools such as "permits-by-rule" and "generally allowed discharges." These yet to be developed tools would be coupled with newly developed Best Management Practices (BMP) to guide small operators in avoiding pollution problems. The BMP's will be developed via contractual assistance and adopted into electronic formats to support fast track permitting.
- Field inspections/compliance assistance: Field work originally planned for FY2002 has also been curtailed. The department's risk based focus for wastewater discharges places a high emphasis on field assistance for small operators while de-emphasizing the pre-permit review. Higher risk operations have a balanced effort between permit review and field assistance. A recently developed risk based field inspection/compliance assistance ranking process has been designed to make wise use of limited field staff. This funding source switch will enable a modest increase in field compliance assistance.

Stormwater Engineering Reviews: On April 16, 2001 EPA issued a Stormwater Multi-Sector General Permit for Industrial Activities. For a company to operate under the terms of the EPA general permit, the department must first review and approve a site specific stormwater pollution prevention plan prepared by an engineer for the company. The department expects up to 400 engineering plans - plans to be reviewed and approved by DEC to operate under EPA's general permit.

Stormwater pollution is a major cause of water pollution in Alaska. The department requests an increment of 57.5 in general funds and 42.0 in general fund program receipts to support staff to accomplish the reviews of the stormwater plans. The review of these plans will assure that local conditions and locally applied mitigation designs are incorporated to adequately protect Alaska's waters. Field compliance assistance inspections will be conducted.

Alaska is experiencing a significant increase in the level of oil and gas exploration and development. Areas west of the Kuparuk River in the National Petroleum Reserve Alaska are being aggressively explored. During the winter of 2001-2002, 45 exploration wells are planned, versus 26 last year and 8 the year before. Oil companies from outside Alaska are moving forward with plans to drill in the foothills of the Brooks Range. Exploration and development of Cook Inlet reserves is increasing as the result of significant recent discoveries. New seismic technology that has a high exploratory drilling success rate is spurring interest to conduct re-exploration of existing oil and gas production areas and may lead to additional exploratory drilling and development. The Minerals Management Service is proceeding with plans to hold lease sales in the offshore frontier areas of the Beaufort Sea, Chuckchi Sea, Norton Sound, and Cook Inlet during the next five years (2002 – 2007). Additional state and federal acreage on the North Slope and Cook Inlet will be leased for oil and gas exploration. Significant interest in the development of potential shallow natural gas and coalbed methane deposits exists and is increasing. The state has so far authorized exploration for these new resources in Northwest Alaska, the Tanana Basin, and on the Kenai Peninsula.

DEC is not keeping pace with the current level of oil and gas activities in Alaska and cannot keep up with the expected increased level of exploration and development activities.

- Oil and gas facilities are seldom inspected for compliance with state environmental laws.
- The effects of oil and gas waste discharges to the air, land and water are not being monitored or measured.

- Too many permits are issued after long delays, uncertainty, and disagreement.
- There is little communication or collaboration with industry and concerned stakeholders on the planning and design of projects to minimize environmental problems and take advantage of opportunities to promote environmentally responsible development.

The oil safety and development initiative funds new and enhanced services in the Divisions of Spill Prevention and Response, Air and Water Quality, and Statewide Public Service. Services fall in three areas 1) environmental planning, design and consultation; 2) permitting; and 3) inspection and compliance.

Environmental Planning, Design and Consultation

DEC will:

- work proactively to identify potential environmental and public health issues early in the lease sale planning process when changes can be most effective in preventing future pollution problems.
- review plans and statements for lease sale plans to identify and avoid or mitigate potential air, land and water quality effects.
- identify and resolve potential environmental and public health issues early when changes to project designs can be most effective in preventing future pollution problems.
- identify potential improvements to streamline permit approvals.
- review and prepare a single coordinated and consolidated response.
- develop and implement assessments of the cumulative effects of oil and gas activities on Alaska's environment.
- increase its participation with stakeholder workgroups to resolve disagreements on what it means to "do it right".

WATER QUALITY

evaluate best available technologies to reduce waste quantity and toxicity.

Permitting and Plan Approvals

DEC will:

WATER QUALITY

- evaluate baseline conditions prior to issuing new wastewater permits
- reduce the time it takes to issue oil and gas related individual wastewater permits by 56 days, or roughly 30 percent.
- conduct pre-work field inspections at approximately 10% of the projects to evaluate potential alternatives, or methods of operation that may result in less surface fill, less run-off pollution and greater protection of sensitive areas.

Inspection, Monitoring and Compliance

DEC will:

- open a full-time North Slope field office with four staff.

WATER QUALITY

- conduct water inspections and provide compliance assistance to North Slope facilities.
- increase inspection rates for high priority wastewater discharges from 50% to 100%.
- increase inspections for pad and road construction projects from 0% to 50% (approximately 50 projects).
- conduct independent verification of effluent quality and verification of facility self-reporting on discharge monitoring reports.
- evaluate ambient water quality through sampling and analyses.
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Summary of Component Budget Changes
From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	2,181.0	2,182.9	322.4	4,686.3
Adjustments which will continue current level of service:				
-Continue Wastewater Permitting Program Development	375.0	-375.0	0.0	0.0
-Year 3 Labor Costs - Net Change from FY2002	44.3	16.9	3.3	64.5
-Year 3 Labor Costs - Fund Source Not Applicable	0.3	0.0	-0.3	0.0
Proposed budget decreases:				
-Implementation of 3rd Year HB 361 (Fee Bill)	-31.6	0.0	0.0	-31.6
Proposed budget increases:				
-New Federal Permit Requirements	99.5	0.0	0.0	99.5
-Oil Safety and Development Initiative	943.8	0.0	0.0	943.8
FY2003 Governor	3,612.3	1,824.8	325.4	5,762.5

Water Quality

Personal Services Information

Authorized Positions		Personal Services Costs		
	<u>FY2002</u>	<u>FY2003</u>		
	<u>Authorized</u>	<u>Governor</u>		
Full-time	47	52	Annual Salaries	2,627,583
Part-time	2	3	COLA	60,105
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	853,987
			Less 6.98% Vacancy Factor	(247,375)
			Lump Sum Premium Pay	0
Totals	49	55	Total Personal Services	3,294,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	0	0	1	0	1
Administrative Clerk I	0	0	1	0	1
Administrative Clerk II	2	1	1	0	4
Administrative Clerk III	0	0	1	0	1
Administrative Manager I	1	0	0	0	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	1	0	1
Env Eng Associate	2	0	0	0	2
Env Eng Associate II	1	0	0	0	1
Environ Conserv Mgr I	1	0	0	0	1
Environ Conserv Mgr II	0	0	2	0	2
Environ Conserv Mgr III	0	0	2	0	2
Environ Eng Asst I	0	1	0	0	1
Environ Engineer I	1	0	0	0	1
Environ Engineer II	0	0	1	0	1
Environmental Spec II	1	2	1	0	4
Environmental Spec III	4	3	7	0	14
Environmental Spec IV	3	2	6	1	12
Grants Administrator II	1	0	0	0	1
Project Coord	0	0	1	0	1
Regulations Spec II	1	0	0	0	1
Tech Eng II / Architect II	0	1	0	0	1
Totals	18	10	26	1	55